

## Message Text

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PAGE 01 STATE 088563

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ORIGIN XMB-04

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DRAFTED BY XMB:JOHN W.LENTZ

APPROVED BY EB/IFD/ODF RANDOLPH A.SWART

XMB:CLAYTON NORRIS

XMB:DAVID O.BEIM

AF/C M.GALLAHER

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R 130244Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: PRIVATE FINANCING UNDER PROPOSED EXIMBANK ASSISTANCE FOR  
INGA-SHABA OVER-RUN

1. AS EMBASSY MAY BE AWARE, SOCIETE NATIONALE D'ELECTRICITE  
(SNEL) APPLIED TO CITIBANK FOR 45 PERCENT PRIVATE PORTION OF  
US OVER-RUN COSTS ON INGA-SHABA LINE (DOLS 34,263,000)  
AT SAME TIME AS ITS APPLICATION DATED 12/17/75 SUBMITTED TO EXIMBANK.  
DURING RECENT WEEK EXIMBANK HAS HELD NUMEROUS DISCUSSIONS ON INGA-  
SHABA FINANCING WITH CITIBANK AND OTHR MEMBERS OF CONSORTIUM  
(UNITED CALIFORNIA BANK, CONTINENTAL ILLINOIS, CHEMICAL BANK, AND  
WELLS FARGO),

2. RESULT IS THAT THIS CONSORTIUM, LED BY CITIBANK, HAS POSED  
TWO CONDITIONS FOR THEIR PARTICIPATION, BOTH OF WHICH ARE UN-  
ACCEPTABLE TO EXIMBANK. THEY ARE: (A) APPROVAL OF SPECIAL EXIM-  
BANK GUARANTEE THEIR CREDIT WHICH WOULD COVER NOT ONLY PRINCIPAL  
BUT ALL INTEREST. COMMENT - EXIMBANK PREPARED TO CONSIDER  
NORMAL GUARANTEE ONLY COVERING PRINCIPAL AND INTEREST UP TO  
1 PERCENT ABOVE EQUIVALENT US TREASURY MATURITIES AT TIME OF  
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PAGE 02 STATE 088563

DEFAULT. (B) CONSORTIUM TO BE REPAID ON ALL REPEAT ALL OF

MEMBER'S PAST DUE EXPOSURE IN ZAIRE THROUGH 12/31/75. COMMENT- THIS APPEARS TO TOTAL ABOUT DOLS 11.0 MILLION OF WHICH ABOUT DOLS 2.6 MILLION PRINCIPAL AND REMAINDER INTEREST. IN LIGHT OF UP-UPCOMING RESCHEDULING OF 1975-76 PRINCIPAL MATURITIS ON GOZ DEBT EXIMBANK UNWILLING TO ENDORSE THIS CONDITION WHICH COULD WELL BE REJECTED BY GOZ. CONSEQUENTLY, CONSORTIUM HAS CONCLUDED IT WILL BE UNABLE TO PARTICIPATE IN OVER-RUN FINANCING.

3. EXIMBANK HAS, HOWEVER, BEEN APPROACHED BY MANUFACTURERS HANOVER TRUST COMPANY(MANTRUST) WITH FOLLOWING PROPOSAL:  
(A) MANTRUST CREDIT GUARANTEED BY EXIMBANK IN NORMAL MANNER FOR HALF OF PRIVATE FINANCING ( DOLS 17,131,500) TO BE REPAID FROM FIRST HALF OF MATURITY SCHEDULE APPLICABLE TO PRIVATE FINANCING (FIRST FIFTEEN SEMIANNUAL INSTALLMENTS) AT 1 3/4 PERCENT OVER PRIME, AND (B) CREDIT EXTENDED BY PRIVATE EXPORT FUNDING CORPORATION (PEFCO) FOR REMAINING PORTION OF PRIVATE FINANCING ( DOLS 17,131,500) TO BE REPAID FROM SECOND HALF OF MATURITY SCHEDULE APPLICABLE TO PRIVATE FINANCING. PEFCO PREPARED TO OFFER SUCH CREDIT ON CONDITION EXIMBANK GUARANTEES AND APPROVES ITS INTEREST RATE (8 3/4 PERCENT FIXED). ON APRIL 8 EXIMBANK APPROVED PEFCO PARTICIPATION AND INTEREST RATE OUTLINED ABOVE WHICH MUST ALSO BE APPROVED BY GOZ AND SNEL. KISSINGER

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## Message Attributes

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**To:** KINSHASA  
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